

Youse girl friend could be bacon real easy

Written by Bruce Enberg

Wednesday, 14 March 2012 22:30

The President signed a new law this week overturning a right-wing court ruling banning the Obama Adm from bringing trade cases. At the ceremony he announced an official action before the WTO to force China to resume the sale of rare earth metals. These exotic metals are required to produce anything more advanced than what might be made by a 18th century blacksmith. The US was a major producer of rare earths until the Bush Administration allowed China to purchase, close and strip all the mining and refining facilities in America. China did this worldwide and now controls 97% of the supply.

Obama did slap China with 99% tariffs on tires and steel pipe early in his administration. He's been blocked from similar actions since then by the corporate dominated courts. Enough Republicans were publicly shamed during this election year into supporting today's law allowing Obama to resume these trade actions.

No Republican presidential candidate supports such interference in free trade. It doesn't matter to them if the US is unable to defend itself without the participation of Red China in the manufacturing process. There was a poem that was popular in WWII about the Republican who was offended that FDR ended the selling of scrap metal to Japan, until he was hit in the head with a piece of it on the front line.

Retail sales were up sharply in January, and December's numbers were revised upward. This wasn't what drove up the stock market, but rather the news that most of the major banks passed the Fed's stress test. That's a kind of audit that is based on a "what if things get bad?" scenario, Citigroup, Ally (formally GMAC), Suntrust and MetLife did not pass the test. In reality, all of the big banks are zombies, but the Fed will allow the others to start paying dividends again anyway.

Speaking of Zombies banks, a VP of Goldman Sach's announced his departure from the bank in a NYT editorial. He basically accused Goldman of being exactly the kind of quasi-criminal operation everybody knew it was. It seems they routinely snicker over screwing their clients and call them Muppets. I guess Lloyd Blankfein won't be getting a guest spot on Sesame Street, - the derivatives that Kermit bought turned out to be garbage.

Speaking of derivatives that turn out to be garbage, it appears that the default of Greek bonds, you know, where the bonds are losing 75% of their value, won't trigger any derivatives. This is

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because the 15-member Determinations Committee for Europe, convened by the International Swaps and Derivatives Association (ISDA) are going to “control” the default process. This bunch could be thought of as the guys that the mob casino keeps in the back room to “control” losses to “hot” gamblers.

There is talk of investors not buying Credit Default Swaps anymore as they are so outraged. You can bet the big Wall Street banks will keep right on selling them to any Muppet that they can. Derivatives are marketed as really being a kind of insurance, and investors often find themselves desperate for insurance with all the wild swings in the economy. The wild swings are created by the same mob that wants to sell you insurance. “Hey Frog, youse think this Sesame Street is fire proof? Maybe youse need some insurance.”

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